

EXHIBIT F



usbank.com

THIS TRANSMITTAL CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. PLEASE EXPEDITE RE-TRANSMITTAL TO SUCH BENEFICIAL OWNERS IN A TIMELY MANNER.

NOTICE TO HOLDERS

EXUM RIDGE CDO 2006-4 LIMITED, EXUM RIDGE CDO 2006-5 LIMITED, EXUM RIDGE 2007-1 LIMITED, EXUM RIDGE CDO 2007-2 LIMITED and PEBBLE CREEK LCDO 2007-3 LIMITED (collectively the "Transactions");

AND TO THE PARTIES LISTED ON EXHIBIT B ATTACHED HERETO.

(CUSIP numbers for Transactions listed on Exhibit A attached hereto and made a part hereof.)

Notice of Initiation of Mediation Proceedings

(Notice Date: August 8, 2012)

Reference is made to the respective Indentures governing the Transactions referenced above (collectively the "*Indentures*" and each is an "*Indenture*") under which U.S. Bank National Association serves as indenture trustee (the "*Trustee*"). Any capitalized terms used herein and not otherwise expressly defined shall have the respective meanings assigned to such terms in the Indenture.

This notice is being provided to you because the Debtors have recently initiated mediation proceedings with respect to the above referenced transactions. Any mediation may affect your rights and interests as a holder of the Notes set forth above. The Trustee would like to discuss with you the Trustee's participation in the mediation. Please contact the Trustee using the contact information set forth below.

Under the terms of each of the Trust Agreements, each of the Issuers entered into a credit derivatives transaction with Lehman Brothers Special Financing Inc. ("*LBSF*") as counter party, an affiliate of Lehman Brothers Holdings Inc. ("*LBHI*"), documented by an ISDA Master Agreement (Multicurrency - Cross Border) by and between LBSF (collectively with LBHI the "*Debtors*") and the relevant Issuer (the "*Master Agreements*"), one or more Schedules to the Master Agreement between the Debtors and the relevant Issuer (the "*Schedules*") and one or more Confirmations to the relevant Issuer from the Debtors (the "*Confirmations*" and



collectively with the all of the Master Agreements and Schedules, the “Swap Transactions”). LBHI served as Credit Support Party for each of the Swap Transactions.

On September 15, 2008, Lehman Brothers Holdings Inc. (“LBHI”) filed a voluntary petition seeking relief under Chapter 11 of 11 U.S.C. § 101 *et seq.* (the “Bankruptcy Code”), and thereafter on October 3, 2008, LBSF filed a voluntary petition under the Bankruptcy Code. These proceedings are pending in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) as Case No. 08-13555, collectively these proceedings shall be referred to herein as the “Lehman Bankruptcy Proceedings”.

An Event of Default exists under each of the Swap Transactions by virtue of the voluntary bankruptcy petitions filed first by LBHI and thereafter by LBSF or another Debtor counterparty; other Events of Default may exist as well. In addition, LBSF failed to pay Fixed Amounts due under the relevant swap agreements on September 22, 2008. Based on the terms of the applicable Trust Agreement, and/or based on directions received from Securityholders, the Trustee provided notice of an Early Termination Event and designated an Early Termination Date under the Swap Transactions. Thereafter, on November 28, 2008 the relevant Issuer provided Notice of Early Termination designating November 28, 2008 as the Early Termination Date. Under the terms of the applicable Trust Agreement and Swap Transaction(s), because LBSF was the sole Affected Party and Defaulting Party under the terms of each Swap Transaction, each Trust Agreement provided that any termination payment due LBSF would be paid after payments made to the Securityholders (and certain Administrative Expenses and other amounts senior to Securityholders). These payment provisions are expressly referenced in the relevant swap agreement. Had LBSF not been the Defaulting Party, each Trust Agreement provides that any termination payment would be paid from available proceeds prior to applying such proceeds to payments to Securityholders.

Judge James Peck has ruled that a change in the payment waterfall resulting from the bankruptcy filings by LBHI and LBSF constitutes an unenforceable *ipso facto* provision, and therefore the termination payment due LBSF under that swap transaction was due prior to payments to the Securityholders (as it would be in the absence of a bankruptcy default by LBHI and LBSF), and not after payments to Securityholders as contemplated by the transaction documents. The Bankruptcy Court has recently reaffirmed its position with respect to the “flip clause” in a decision rendered in *Lehman Brothers Special Financing Inc., v. Ballyrock ABS CDO 2007-1 Limited and Wells Fargo Bank, N.A., Trustee*, Adversary Proceeding number 09-01032 pending in the United States Bankruptcy Court for the Southern District of New York, although Judge Peck raised doubts on the viability of some of the Debtor’s other theories of recovery.

LBSF filed an action in the United States Bankruptcy Court for the Southern District of New York against the Trustee and the Issuer for each of the Securities. The adversary proceeding challenges, under various theories, the distribution provisions contained in each Trust Agreement with respect to the priority of payment of a termination payment to LBSF.

We previously advised you that on November 24, 2010, LBHI filed a motion seeking the implementation of dispute resolution procedures involving special purpose vehicles. On

December 8, 2010, the Trustee filed an objection to the Motion (the "*Objection*"). On March 3, 2011, the Bankruptcy Court entered an Order approving the SPV ADR procedures (the "*SPV ADR Order*").

On July 20, 2012, the Debtors initiated a mediation proceeding under the SPV ADR Order with respect to the Transactions. No schedule has yet been set for the mediation. The Trustee would like input, however, from Securityholders in each of the Transactions in connection with the Trustee's participation in the mediation. Please contact the Trustee at your earliest convenience at the following address:

U.S. Bank National Association, as Trustee
Corporate Trust Services
Attn: CDO Services
One Federal Street, 3rd Floor
Boston, Massachusetts 02110;
Attn: Jonathan DeMarco ((617) 603-6552 email:jonathan.demarco@usbank.com)
or Donald Higgins ((617) 603-6717 email:donald.higgins@usbank.com)

Receipt of this notice should not be construed as evidence or acknowledgment of any requirement applicable to, or of any right or authority on the part of any recipient under the Indenture to direct, the matters addressed herein, or of any obligations on the part of the Trustee with respect thereto, and the Trustee expressly reserves all rights in determining appropriate actions and requirements concerning these matters.

Prior to any distribution to Securityholders, funds held under the Indenture may be used first for payment of the fees and costs incurred or to be incurred by the Trustee in performing its duties, as well as for any indemnities owing or to become owing to the Trustee. These include, but are not limited to, compensation for time spent, and the fees and costs of counsel and other agents employed, to pursue remedies, defend claims, or take other actions to protect the interests of the Securityholders and the Issuer, respectively. The Trustee is not required to expend or risk its own funds in connection with any matter under the Indentures unless adequate reassurance of payment and/or indemnity is provided to it.

The Trustee reserves all rights under the relevant Indenture. Please be aware that the Trustee may conclude that a specific response to particular inquiries from individual Securityholders is not consistent with equal and full dissemination of information to all Securityholders. Securityholders should not rely on the Trustee as their sole source of information. The Trustee makes no recommendations, gives no investment, legal or tax advice. Each Securityholder should seek advice from an independent advisor based on such Securityholder's particular circumstances.

U.S. Bank National Association,
as Trustee

Exhibit A

CUSIPs

EXUM RIDGE CBO 2006-4

| <u>Security</u> | <u>CUSIP</u> | <u>ISIN</u> |
|---------------------------------------|--------------|--------------|
| Class A Notes | | |
| Class A Rule 144A Global Note | 30232UAA8 | US30232UAA88 |
| Class A Regulation S Global Note | G3286TAA6 | USG3286TAA63 |
| Class B Notes | | |
| Class B Rule 144A Global Note | 30232UAC4 | US30232UAC45 |
| Class B Regulation S Global Note | G3286TAB4 | USG3286TAB47 |
| Class C Certificated Notes | | |
| Class C Rule 144A Global Note | 30232UAE0 | US30232UAE01 |
| Class C Regulation S Global Note | G3286TAC2 | USG3286TAC20 |
| Class D Certificated Notes | | |
| Class D Rule 144A Global Note | 30232UAG5 | US30232UAG58 |
| Class D Certificated Note | 30232UAH3 | US30232UAH32 |
| Class D Regulation S Global Note | G3286TAD0 | USG3286TAD03 |
| Class E Certificated Notes | | |
| Class E Rule 144A Global Note | 30232QAA7 | US30232QAA76 |
| Class E Certificated Note | 30232QAB5 | US30232QAB59 |
| Class E Regulation S Global Note | G32866AA6 | USG32866AA63 |
| Preference Shares | | |
| Certificated U.S. Preference Shares | 30232Q208 | US30232Q2084 |
| Regulation S Global Preference Shares | G32866108 | USG328661080 |

The above CUSIP numbers are included solely for the convenience of the Noteholders. The Trustee is not responsible for the selection or use of the CUSIP numbers, or for the accuracy or correctness of CUSIP numbers printed on the Notes or as indicated in this notice.

CUSIPs

EXUM RIDGE CBO 2006-5

| <u>Security</u> | <u>CUSIP</u> | <u>ISIN</u> |
|--------------------------------------|--------------|--------------|
| Class A Notes | | |
| Class A Rule 144A Global Note | 30232VAA6 | US30232VAA61 |
| Class A Regulation S Global Note | G3286YAA5 | USG3286YAA58 |
| Class B-1 Notes | | |
| Class B-1 Rule 144A Global Note | 3023VAC2 | US30232VAC28 |
| Class B-1 Regulation S Global Note | G3286YAB3 | USG3286YAB32 |
| Class B-2 Certificated Notes | | |
| Class B-2 Rule 144A Global Note | 30232VAL2 | US30232VAL27 |
| Class B-2 Certificated Note | 30232VAM0 | US30232VAM00 |
| Class B-2 Regulation S Global Note | G3286YAF4 | USG3286YAF46 |
| Class C-1 Certificated Notes | | |
| Class C-1 Rule 144A Global Note | 30232VAE8 | US30232VAE83 |
| Class C-1 Regulation S Global Note | G3286YAC1 | USG3286YAC15 |
| Class C-2 Certificated Notes | | |
| Class C-2 Rule 144A Global Note | 30232VAN8 | US30232VAN82 |
| Class C-2 Certificated Note | 30232VAP3 | US30232VAP31 |
| Class C-2 Regulation S Global Note | G3286YAG2 | USG3286YAG29 |
| Class D Certificated Notes | | |
| Class D Rule 144A Global Note | 30232VAG3 | US30232VAG32 |
| Class D Certificated Note | 30232VAH1 | US30232VAH15 |
| Class D Regulation S Global Note | G3286YAD9 | USG3286YAD97 |
| Class E Certificated Notes | | |
| Class E Rule 144A Global Note | 30232VAJ7 | US30232VAJ70 |
| Class E Certificated Note | 30232VAK4 | US30232VAK44 |
| Class E Regulation S Global Note | G3286YAE7 | USG3286YAE70 |
| Preference Shares | | |
| Certificated U.S. Preference Shares | 30232W205 | US30232W2052 |
| Regulation S Global Preference Share | G3286U105 | USG3286U1058 |

The above CUSIP numbers are included solely for the convenience of the Noteholders. The Trustee is not responsible for the selection or use of the CUSIP numbers, or for the accuracy or correctness of CUSIP numbers printed on the Notes or as indicated in this notice.

CUSIPs

EXUM RIDGE CBO 2007-1, LTD

| <u>Security</u> | <u>CUSIP</u> |
|--|--------------|
| Class A Notes | |
| Class A Rule 144A Certificated Note | 30232XAA2 |
| Class A Regulation S Certificated Note | G32869AA0 |
| Class B Notes | |
| Class B Rule 144A Global Note | 30232XAC8 |
| Class B Regulation S Global Note | G32869AB8 |
| Class B Certificated Note | 30232XAD6 |
| Class C Notes | |
| Class C Rule 144A Global Note | 30232XAE4 |
| Class C Regulation S Global Note | G32869AC6 |
| Class C Certificated Notes | 30232XAF1 |
| Class D Notes | |
| Class D Rule 144A Global Note | 30232XAG9 |
| Class D Regulation S Global Note | G32869AD4 |
| Class D Certificated Note | 30232XAH7 |
| Preference Shares | |
| Certificated U.S. Preference Shares | 30232S204 |
| Regulation S Global Preference Share | G32867106 |

The above CUSIP numbers are included solely for the convenience of the Noteholders. The Trustee is not responsible for the selection or use of the CUSIP numbers, or for the accuracy or correctness of CUSIP numbers printed on the Notes or as indicated in this notice.

CUSIPs

EXUM RIDGE CBO 2007-2, LTD

| <u>Security</u> | <u>CUSIP</u> |
|--------------------------------------|--------------|
| Class A Notes | |
| Class A Rule 144A Certificated Note | 30228AAA8 |
| Class A Certificated Note | 30228AAD2 |
| Class A Regulation S Global Note | G3286VAA1 |
| Class B Notes | |
| Class B Rule 144A Global Note | 30228AAB6 |
| Class B Certificated Note | 30228AAE0 |
| Class B Regulation S Global Note | G3286VAB9 |
| Class C Certificated Notes | |
| Class C Rule 144A Global Note | 30228AAC4 |
| Class C Certificated Notes | 30228AAG5 |
| Class C Regulation S Global Note | G3286VAC7 |
| Class D Certificated Notes | |
| Class D Rule 144A Global Note | 30228BAA6 |
| Class D Certificated Note | 30228BAB4 |
| Class D Regulation S Global Note | G3286WAA9 |
| Preference Shares | |
| Certificated U.S. Preference Shares | 30228B306 |
| Regulation S Global Preference Share | G3286W200 |

The above CUSIP numbers are included solely for the convenience of the Noteholders. The Trustee is not responsible for the selection or use of the CUSIP numbers, or for the accuracy or correctness of CUSIP numbers printed on the Notes or as indicated in this notice.

CUSIPs

PEBBLE CREEK LCDO 2007-3

| <u>Security</u> | <u>CUSIP</u> | <u>ISIN</u> |
|--|--------------|--------------|
| Class A Notes | | |
| Class A Rule 144A Certificated Note | 70509DAA8 | US70509DAA81 |
| Certificated Class A Note | 70509DAF7 | US70509DAF78 |
| Class A Regulation S Global Note | G6966BAA5 | USG6966BAA55 |
| Class B Notes | | |
| Class B Rule 144A Certificated Note | 70509DAB6 | US70509DAB64 |
| Certificated Class B Note | 70509DAG5 | US70509DAG51 |
| Class B Regulation S Certificated Note | G6966BAB3 | USG6966BAB39 |
| Class C Notes | | |
| Class C Rule 144A Global Note | 70509DAC4 | US70509DAC48 |
| Certificated Class C Note | 70509DAH3 | US70509DAH35 |
| Class C Regulation S Global Note | G6966BAC1 | USG6966BAC12 |
| Class D Notes | | |
| Class D Rule 144A Global Note | 70509DAD2 | US70509DAD21 |
| Certificated Class D Note | 70509DAJ9 | US70509DAJ90 |
| Class D Regulation S Global Note | G6966BAD9 | USG6966BAD94 |
| Class E Notes | | |
| Class E Rule 144A Global Note | 70509DAE0 | US70509DAE04 |
| Certificated Class E Note | 70509DAK6 | US70509DAK63 |
| Class E Regulation S Global Note | G6966BAE7 | USG6966BAE77 |
| Preference Shares | | |
| Certificated U.S. Preference Shares | 70509C300 | US70509C3007 |
| Regulation S Global Preference Shares | G6966A109 | KYG6966A1094 |

The above CUSIP numbers are included solely for the convenience of the Noteholders. The Trustee is not responsible for the selection or use of the CUSIP numbers, or for the accuracy or correctness of CUSIP numbers printed on the Notes or as indicated in this notice.

EXHIBIT B

ISSUERS

Exum Ridge CBO 2006-4, LTD.
c/o Maples Finance Limited
P.O. Box 1093 GT
Queensgate House, South Church Street
George Town, Grand Cayman, Cayman Islands

Exum Ridge CBO 2006-5, LTD.
c/o Maples Finance Limited
P.O. Box 1093 GT
Queensgate House, South Church Street
George Town, Grand Cayman, Cayman Islands

Exum Ridge CBO 2007-1, LTD.
c/o Maples Finance Limited
P.O. Box 1093 GT
Queensgate House, South Church Street
George Town, Grand Cayman, Cayman Islands

Exum Ridge CBO 2007-2, LTD.
c/o Maples Finance Limited
P.O. Box 1093 GT
Queensgate House, South Church Street
George Town, Grand Cayman, Cayman Islands

Pebble Creek LCDO 2007-3, LTD.
c/o Maples Finance Limited
P.O. Box 1093 GT
Queensgate House, South Church Street
George Town, Grand Cayman, Cayman Islands

Exum Ridge CBO 2006-4, LTD.
c/o Maples and Calder
P.O. Box 309GT
Ugland House, South Church Street
George Town, Grand Cayman,

Exum Ridge CBO 2006-5, LTD.
c/o Maples and Calder
P.O. Box 309GT
Ugland House, South Church Street
George Town, Grand Cayman,

Exum Ridge CBO 2007-1, LTD.
c/o Maples and Calder
P.O. Box 309GT
Ugland House, South Church Street
George Town, Grand Cayman,

Exum Ridge CBO 2007-2, LTD.
c/o Maples and Calder
P.O. Box 309GT
Ugland House, South Church Street
George Town, Grand Cayman,

Pebble Creek LCDO 2007-3, LTD.
c/o Maples and Calder
P.O. Box 309GT
Ugland House, South Church Street
George Town, Grand Cayman,

- 4 -

CO-ISSUERS

Exum Ridge CBO 2006-4, CORP.
Exum Ridge CBO 2006-5, CORP.
Exum Ridge CBO 2007-1, CORP.
Exum Ridge CBO 2007-2, CORP.
Pebble Creek LCDO 2007-3, CORP.

c/o Puglisi & Associates
850 Library Avenue, Suite 204
Newark, Delaware 19711
Attention: Donald J. Puglisi